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May 8,

U. S.

Release when statement is given.

STATEMENT OF SECRETARY HENRY A. WALLACE,
BEFORE SENATE AGRICULTURE COMMITTEE,
CONCERNING AMENDMENTS TO THE AGRICULTURAL ADJUSTMENT ACT (S.

Developments of the past few days have materially altered the concerning the amendments to the Agricultural Adjustment Act, and their ment by Congress has now become a matter of increased importance to large numbers of farmers in many branches of agriculture.

Certain large distributors, processors and handlers of farm products, a meeting at the Chicago stockyards in the past week, determined upon an organized movement to oppose the amendments, to delay them and block their enactment at this session of Congress. I have here an account published in a Chicago newspaper describing the organization of forces to obstruct passage of the amendments.

An attack upon these amendments cannot be interpreted otherwise than as an assault or at least the forerunner of an assault upon the Act itself, since the amendments propose to clarify and make more explicit the powers already being exercised in behalf of farmers under the Act.

The openly avowed purpose of the processors who met in Chicago is to prevent clarification of the powers of enforcing marketing agreements and licenses designed to benefit the farmers. They apparently intend to aid in resistance in lawsuits on the part of those who oppose the purposes of the Agricultural Adjustment Act. In other words, it appears that they propose themselves and to induce others to take advantage of all ambiguities in the statute and, by prolonged litigation, to embarrass prompt and adequate enforcement. Such delays may be all but fatal to the effective use of marketing agreements and licenses.

In most cases, a marketing agreement cannot be employed unless it is coupled with a license which can be promptly enforced against an obstructing minority. Consequently, whatever helps to block prompt enforcement of our licenses, will help to break down our marketing agreements.

In the light of this new campaign of obstruction on the part of these large processors and distributors, it now becomes imperative that our proposed amendments be enacted. Those amendments will do away with ambiguities in the Act, which, if not eliminated, will furnish the basis for this campaign of obstructive and dilatory litigation. All possible doubts of the intent of Congress to give the Secretary of Agriculture the power to enter into necessary marketing agreements, and to enforce them promptly through accompanying licenses, should now be removed by making that intention of Congress undeniably clear by the use of express language.

Prompt enforcement has already been hampered because the explicit language of the Act was not always clear. With this new opposition now coming out in the open, enforcement may be increasingly slowed up, and delays may ensue which will destroy the value of our marketing agreements, unless these amendments are adopted.

Our experience has demonstrated that we cannot expect marketing agreements, designed to benefit thousands of farmers, to be entered into unless those whom we ask to sign up are convinced that the government will be able to compel speedy compliance on the part of the minority who fail or refuse to sign. With this new attack, lawsuits may multiply and speedy compliance may prove impossible unless the meaning of Congress is made clear beyond any question. That is the purpose of the proposed amendments.

I ask Congress to consider the deplorable consequences that would ensue if, after Congress has adjourned, the lower courts, because of the ambiguities in the Act, were to refuse to decree or greatly delay enforcement of our agreements and licenses and compel us to wait either the tedious processes of appeal or the next session of Congress. No one should be permitted to say in Court, with any degree of plausibility, that Congress did not intend to give the Administration the effective means to carry out the declared policy of the Act.

It is apparently the intent of these large processors to prevent the enactment at this session of these amendments and then after Congress has adjourned to hire a multitude of able counsel who will, because of the very failure to adopt these amendments, argue that Congress did not intend to confer the effective licensing powers clearly set forth in these amendments.

I believe that, when it originally enacted the Agricultural Adjustment Act, Congress intended to create the powers which are more clearly declared in the proposed amendments. But since these large processors and distributors are now challenging that intention and propose to assert this challenge in Court after Congress has adjourned, it would seem indispensible that Congress now clearly manifest its original purpose beyond the shadow of a doubt.

Processors and distributors of farm products, whether in Chicago or elsewhere, are entitled as much as anyone else to a voice in making the laws of the land. Nobody would deny them that.

But having a voice in making the laws is one thing, and an attempt to hamstring and dominate by obstructive tactics is another. The agricultural policies of the Administration should be dominated by the direct needs and welfare of farmers, not by the indirect interests of processing, distributing or dealer enterprises, who in thus opposing what is best for the farmers are acting shortsightedly and against what will prove to be their own best self-interest in the long run.

The amendments reflect the determination of the Agricultural Adjustment Administration to extend its facilities as rapidly as possible to producers of commodities, principally nonbasic, grown in widely scattered states and regions, through marketing agreements and licenses. These commodities include all the fruits and vegetables, all the canning crops, rice, some kinds of tobacco, nuts, olives and many special crops. They also include milk, which,

though a basic commodity, has so far been dealt with entirely through the instrumentality of marketing agreements and licenses.

I would not say that, without these amendments, we can not proceed with programs now underway or contemplated for the benefit of these vast groups of producers. What we shall be able to do without these amendments is a matter of opinion as to what the courts will finally hold with reference to the present licensing and marketing agreement provisions of the Act. I will say, however, that if these proposed amendments are not adopted, the chances for effective relief for a great many of our farmers under the provisions of the Agricultural Adjustment Act may be in grave jeopardy because of serious delays in enforcement.

The amendments are designed to aid the Adjustment Administration in extending assistance to farmers who would not be aided directly by any of the major production control programs, or who can be assisted more effectively through marketing agreements and licenses and without a processing tax.

From this point of view and for other reasons, the pending amendments have been strongly indorsed by the National Agricultural Conference. This Conference is composed of delegates appointed by farm organizations representing all the major producer interests, namely, the National Grange, the American Farm Bureau Federation, The Farmers National Grain Corporation, the National Cooperative Council and the American Agricultural Editors Association.

In marketing agreements and licenses, now in effect or planned, to assist growers of these numerous and diverse crops, the Agricultural Adjustment Administration has proceeded along lines which clearly reflect the intent of Congress in the Act as it stands. The amendments give explicit approval of the use of quota systems of marketing with which farmers' cooperatives long have been accustomed but which, to be effective, need to be supplemented by Federal enforcing powers.

In this connection, I would specifically direct the Committee's attention to the fact that the proposed amendment with reference to quotas provides that two-thirds of the producers or producers representing or controlling two-thirds of the production or acreage of the commodity affected must clearly indicate their desire to put such an agreement into effect before we could lawfully proceed. It is in no way the intention to attempt any agreement that does not represent the wishes of the overwhelming majority of the producers. The amendment is clear on that point.

The amendments should be thoroughly understood, and to that end a complete explanatory statement is offered, which should dispel entirely the misunderstanding that opposition has sought to create. It is important to recognize that the real object of attack, however, is not the amendments but the measures and authority already in the act which the amendments seek to limit, clarify and consolidate.

I think Congress, with members representing regions having the greatest interest in marketing agreements and licenses, in effect or pending, for many crops, should be informed of the identity of those crops which would be adversely affected or jeopardized by impairment of these functions. A large number of groups of producers depend chiefly for help upon the marketing agreements and licensing provisions. Milk licenses, now in effect for nearly a score of cities, and sought by fluid milk producers in many other milk sheds, are included among these. I submit a list of the commodities, and the states and regions, where they are produced, to show the extent and the diversity of the farm interests which would be threatened by an attack upon the Act such as the opposition to these amendments now is organizing. Help for these farmers must not be undermined or jeopardized. I do not want to see even a beginning or an opening wedge for such an attack accomplished through obstruction of these pending amendments.

Potatoes

Idaho, Kansas, Michigan, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, Missouri, Maine.

Apples

Idaho, Oregon, Washington, California, Montana, New York.

Dry Edible Beans

Idaho, Michigan, California, Arizona, Colorado, Kansas, New Mexico, Montana, Nebraska, Wyoming, New York.

Peaches

California, North Carolina, South Carolina, Tennessee, Georgia.

Asparagus

California, Florida

Citrus Fruits

California, Florida, Arizona, Texas, Puerto Rico

Peanuts

Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia.

Ripe Olives

California.

Strawberries

Florida.

Grapes

California, Michigan, Pennsylvania, New York, New Jersey, Tennessee.

Wood Turpentine and Wood Rosin

Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Texas, Virginia, West Virginia.

Walnuts

Oregon, California, Washington

Cherries

Colorado, Michigan, New York, Ohio, Oregon, Pennsylvania, Utah, Washington, Wisconsin

Corn for Canning

Alabama, Colorado, Oregon, Delaware, Idaho, Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Mississippi, Maryland, Ohio, Montana, North Carolina, New Hampshire, New Jersey, Nebraska, New York, Pennsylvania, Tennessee, Texas, Vermont, Washington, Wisconsin, Virginia, Oklahoma, Wyoming, West Virginia, Georgia, Maine.

Peas for Canning

Alabama, Idaho, California, Colorado, Delaware, Iowa, Illinois, Indiana, Michigan, Minnesota, Montana, Maryland, Maine, New Jersey, New York, Nebraska, Oklahoma, South Carolina, Utah, Washington, Virginia, Wisconsin, Pennsylvania, Ohio

Tomatoes for Canning

Alabama, Arkansas, California, Iowa, Oregon, Idaho, Connecticut, Colorado, Delaware, Florida, Georgia, Illinois, Indiana, Louisiana, Kentucky, Maryland, Michigan, Minnesota, Missouri, Mississippi, New Mexico, Nebraska, North Carolina, New Jersey, New York, Ohio, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Virginia, Washington, Wisconsin, West Virginia.

Watermelons

Alabama, Florida, Georgia, South Carolina, North Carolina.

Fresh Vegetables

Arizona, California, Colorado, Washington, Texas.

Pecans (Paper Shell)

Alabama, Arkansas, Florida, Georgia, Illinois, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Texas

Pecans (Seedling)

Alabama, Arkansas, Georgia, Louisiana, Mississippi, Oklahoma, Texas

Rice

Louisiana, Arkansas, Texas, Tennessee, California

Tobacco

Virginia, North Carolina, South Carolina, Georgia, Florida, Tennessee, Kentucky, West Virginia, Ohio, Indiana, Missouri, Alabama, Connecticut, Massachusetts, New Hampshire, Vermont, Pennsylvania, New York, Wisconsin, Minnesota

Milk

Maine, Massachusetts, New Hampshire, Connecticut, Vermont, New York, Rhode Island, Pennsylvania, Maryland, Delaware, West Virginia, New Jersey, Virginia, Kentucky, Indiana, Illinois, Missouri, Tennessee, Michigan, Wisconsin, Minnesota, Iowa, South Dakota, Nebraska, Kansas, California, Texas, Louisiana, Arkansas, Colorado

I have confined my remarks, thus far, to amendments relating to marketing agreements and licenses. The bill, however, contains some other amendments. I shall now ask the clerk to read an explanatory statement of the provisions of the bill in the order in which they appear.

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